Northwest Territories Liquor Commission

42nd Annual Report

Northwest Territories Canada

Honourable Jim Antoine
Minister Responsible for Safety and Public Services
YELLOWKNIFE NT

Dear Mr. Antoine:

Pursuant to Sections 9(1) and 61 of the Financial Administration Act, we are pleased to submit the forty-second Annual Report for the fiscal year ended March 31, 1996.

We wish to express our thanks to all of our staff and the members of the Liquor Licensing Board for all their support and contribution to the progress of the NWT Liquor Commission and the NWT Liquor Licensing Board during the past year.

Respectfully submitted,

R.J. Courtoreille
General Manager
NWT Liquor Commission

M. Williams
Chairman
NWT Liquor Licensing Board

Members of the Legislative Assembly
of the Northwest Territories
Yellowknife NT

Dear Colleagues:

I am pleased to present herewith, for the information of the Members of the Legislative Assembly, the forty-second Annual Report of the Northwest Territories Liquor Commission for the fiscal year ended March 31, 1996.

Respectfully submitted,

Jim Antoine
Minister Responsible for the
Northwest Territories Liquor Commission

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EXECUTIVE ORGANIZATION

as at March 31, 1996

Minister Responsible

Minister	- The Honourable Jim Antoine
Deputy Minister	- John Quirke

Northwest Territories Liquor Commission

General Manager	- Ron Courtoreille
Manager, Finance and Administration	- Kyle Reid
Stocks Manager	- Larry Kathan

Northwest Territories Liquor Licensing Board

Chairman	- Merlyn Williams
A/Executive Secretary to the Board	- Melvin Larocque

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Northwest Territories Liquor Commission ("the Commission") maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Commission acts in accordance with the laws of the Northwest Territories and Canada. The Commission's management recognizes its responsibility for conducting the Commission's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial agency.

The accompanying financial statements were prepared by management in conformity with generally accepted accounting principles appropriate in the circumstances.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. He also considers whether the transactions which come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

R.J. Courtoreille
General Manager

K. Reid
Manager, Finance and Administration

OFFICE OF THE AUDITOR GENERAL

CANADA

BUREAU DU VÉRIFICATEUR GÉNÉRAL

AUDITOR'S REPORT

To the Minister of Safety and Public Services

I have audited the balance sheet of the Northwest Territories Liquor Commission as at March 31, 1996 and the statements of income, amount due to the Government of the Northwest Territories and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1996 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the Financial Administration Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith, and the transactions of the Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the Financial Administration Act and regulations, and the Northwest Territories Liquor Act and regulations.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 30, 1996

Balance Sheet

March 31, 1996, with comparative figures for 1995

	1996 ($000's)	1995 ($000's)
Assets		
Currents assets:		
Cash	$ 497	$ 792
Accounts receivable	3	2
Store supplies	21	11
Inventories (note 3)	2,544	2,335
	3,065	3,140
Capital assets (note 4)	133	95
	$ 3,198	$ 3,235
Liabilities		
Current liabilities:		
Accounts payable	$ 1,156	$ 1,221
Accrued employee leave and termination benefits	147	92
Due to the Government of the Northwest Territories	1,895	1,922
Commitment (note 5)		
	$ 3,198	$ 3,235

Approved by Management:

R.J. Courtoreille
General Manager

K. Reid
Manager, Finance and Administration

Statement of Income

Year ended March 31, 1996, with comparative figures for 1995

	1996 ($000's)	1995 ($000's)
Sales:		
Beer	$ 15,348	$ 14,969
Spirits	12,531	12,296
Wine	2,536	2,464
	$ 30,415	$ 29,729
Cost of goods sold:		
Beer	6,368	6,571
Spirits	3,836	3,893
Wine	939	796
	$ 11,143	$ 11,260
Gross profit on sales	$ 19,272	$ 18,469
Other income:		
License fees and permits	622	574
Import fees and other income	261	222
	$ 883	$ 796
	$ 20,155	$ 19,265
Expenses:		
Commissions and discounts to agents	2,327	2,224
Salaries, wages and employee benefits	1,137	1,255
Rent - warehouse	272	257
Travel	85	98
Rent - office	61	58
Losses due to breakage, spoilage and theft	52	9
Communications	44	46
Office supplies	42	46
Grants in lieu of taxes	38	35
Computer services	37	35
Utilities	29	40
Amortization of fixed assets	27	14
Insurance	21	17
Advertising	21	17
Board member honoraria	19	19
Miscellaneous	17	9
Repairs and maintenance	12	6
Contractors' fees	9	44
	4,250	$ 4,229
Net income	$ 15,905	$ 15,036

Statement of Amount Due to the Government of the Northwest Territories

Year ended March 31, 1996, with comparative figures for 1995

	1996 ($000's)	1995 ($000's)
Balance, beginning of year	$ 1,922	$ 1,951
Net income	15,905	15,036
Salaries, wages and benefits paid by the Government	1,047	1,246
	18,874	18,233
Net transfer of funds to the Government	16,979	16,311
Balance, end of year	$ 1,895	$ 1,922

Statement of Changes in Financial Position

Year ended March 31, 1996, with comparative figures for 1995

	1996 ($000's)	1995 ($000's)
Cash provided by (used in):		
Operations:		
Net income	$ 15,905	$ 15,036
Salaries, wages and benefits paid by the Government of the Northwest Territories	1,047	1,246
Amortization which does not affect cash	27	14
Changes in non-cash operating working capital:		
Increase (decrease) in accounts payable	(65)	98
Increase (decrease) in accrued employee leave and termination benefits	55	(33)
Increase in accounts receivable	(1)	-
Increase in store supplies	(10)	(11)
Increase in inventories	(209)	(281)
	16,749	16,069
Financing:		
Purchase of capital assets	(65)	-
Cash transferred to the Government of the Northwest Territories	(16,979)	(16,311)
	(17,044)	(16,311)
Decrease in cash	(295)	(242)
Cash, beginning of year	792	1,034
Cash, end of year	$ 497	$ 792

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended March 31, 1996

1. **Authority and operations:**

The Northwest Territories Liquor Commission is responsible for the operation of liquor stores and the purchase and distribution of liquor in the Northwest Territories under Part 11 of the Northwest Territories Liquor Act. It is named in Schedule A to the Financial Administration Act. The Commission is authorized by the Legislative Assembly to receive interest free working capital advances from time to time not exceeding $6,500,000 to finance its operations. The Northwest Territories Liquor Commission also operates the Liquor Licensing Board of the Northwest Territories.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the Liquor Act.

2. **Significant accounting policies:**

(a) Inventories:

Inventories are valued at replacement cost which is not materially different than cost. Cost includes invoiced cost, freight, duties and taxes.

(b) Capital Assets:

Recycling equipment is stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 10%.

Leasehold improvements, furniture and fixtures are stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 20%.

(c) Employee Leave and Termination Benefits:

Under their conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Employees also earn retirement and severance remuneration based on the number of years of service. Annual leave is payable within one fiscal year. The payment for the other amounts is dependent on employees leaving the Commission.

(d) Pension Contribution:

The Commission and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Commission. These contributions represent the total liability of the Commission and are recognized in the accounts on a current basis. The Commission is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Notes to Financial Statements, continued

Year ended March 31, 1996

3. Inventories:

	1996 ($000's)	1995 ($000's)
Spirits	$ 1,234	$ 1,139
Wine	516	426
Beer	794	770
	$ 2,544	$ 2,335

4. Capital assets:

	Cost	Accumulated amortization	1996 Net book value (000's)	1995 Net book value (000's)
Recycling equipment	$ 151	$ 68	$ 83	$ 95
Leasehold improvements	36	7	29	-
Furniture and fixtures	26	5	21	-
	$ 213	$ 80	$ 133	$ 95

5. Related party transactions:

In addition to those related party transactions disclosed elsewhere in these financial statements, the Commission is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business.

Certain warehouses are owned by the Government of the Northwest Territories. These are provided for the use of the Commission, the cost of which is reflected as warehouse rent in the financial statements.

The Government of the Northwest Territories provides the Commission with various administrative services, the value of which are not reflected in these financial statements.

Notes to Financial Statements, continued

Year ended March 31, 1996

6. **Commitment:**

The Commission has entered into a new lease agreement that commenced on September 1, 1995 for an initial term of five years to August 31, 2000. The Commission has an option to renew for one additional term. The minimum annual lease payments are:

March 31:	
1997	$ 49,938
1998	49,938
1999	49,938
2000	49,938
2001	20,808
	$ 220,560

Annual lease payments include operating costs which are subject to annual increases based on the consumer price index and adjustments for tax assessments.

OPERATIONS OF THE NORTHWEST TERRITORIES LIQUOR COMMISSION

Message from the General Manager

- Year In Review -

During the fiscal year ending March 31, 1996 the Northwest Territories Liquor Commission realized a net income of $15,905,000, an increase of $869,000 (5.8%) over the previous year's net income.

Volume sales decreased 247,000 litres for the period ending March 31, 1996 from the previous year. Although volumes of liquor products sold decreased some 5.4%, revenues to the Government of the Northwest Territories were maintained due to an increase in mark-up of 7%.

Mark-up:

On April 1, 1995 the conversion from an ad valorem (percentage) system of mark-up on liquor products to a flat rate per litre system was introduced. The flat rate mark-up establishes and monitors revenue levels on liquor products sold.

The flat mark-up system, along with supplier price, freight, container deposits, GST, retail, warehousing and administrative costs, yield a price at which residents and licensees are able to purchase liquor in each community. The use of the flat mark-up system will result in revenues from the sales of liquor products to remain constant while prices vary from community to community.

The following flat mark-up rates were put into effect April 1, 1995:

Product	$ per litre
Spirits	21.35
Wine	6.35
Beer	1.58
Coolers	2.48
Ciders	1.62

Import Permits:

An individual may personally bring into the Northwest Territories one 1140 mL bottle of spirits or wine or twelve - 355 mL of beer. To import quantities greater than the allowable amounts, an Import Permit is required. Fees for Import Permits were increased April 1, 1995 to; Spirits $8.77 per litre; Beer $0.70 per litre; Wine $7.02 per litre; Coolers/Ciders $1.75 per litre. Revenue from the sale of Import Permits increased to $143,000 from $113,000 for the previous year. 395 Import Permits were issued in 1996 compared to 466 for the previous year.

Retail & Warehousing:

All retail liquor outlets are operated by private sector contractors. Liquor warehouses in Hay River and Inuvik are also operated by private sector contractors. The Liquor Commission continues to operate liquor warehouses in Yellowknife and Iqaluit. Liquor warehouses supply the local liquor store and sells to licensed premises only. Private sector contractors have ten year agreements with the Government of the Northwest

Territories to operate retail liquor outlets or liquor warehouses. Contractors and expiry dates of each contract are as follows:

Agency:	Contractor:	Expiry Date:
Hay River Liquor Warehouse	Hay River Liquor Retailers (1991) Ltd.	February 1, 2004
Hay River Liquor Agency	Hay River Liquor Retailers (1991) Ltd.	March 31, 1997
Norman Wells Liquor Agency	Norman Wells Liquor Store Ltd.	September 30, 2003
Inuvik Liquor Warehouse	Stanton Holdings	June 30, 2004
Inuvik Liquor Agency	902838 NWT Ltd.	August 31, 1997
Fort Smith Liquor Agency	Martselos Services Ltd.	November 30, 2001
Yellowknife Liquor Agency	913007 NWT Ltd.	August 31, 2001
Fort Simpson Liquor Agency	Fort Simpson Liquor Agency Ltd.	October 31, 2003

Resupply:

In its resupply of liquor products to its liquor agencies and warehouses, the Liquor Commission uses all modes of transportation from air to sealift to highway transportation.

Approximately 70% of liquor sold is readily supplied by the highway system with little interruption caused by freeze up or break up of river crossings. Due to the availability of ferry services or winter roads, Inuvik and Fort Simpson liquor facilities must warehouse greater amounts of liquor to last over freeze up and break up periods. The Iqaluit liquor warehouse is resupplied with spirits, wine and beer annually via sealift. Beer is also flown in from Montreal for 2-3 months prior to sealift as beer products do not have a twelve month shelf life. Similarly, the Norman Wells liquor outlet is resupplied by barge annually with beer, wine and spirits. This outlet is again resupplied during the winter months via winter road.

Over the past years, the Liquor Commission has increased the number of different products offered for sale to its customers while either maintaining or decreasing inventory levels. The Liquor Commission is presently using a "just in time" resupply of beer products to its Yellowknife warehouse. The purchase of most imported products has been increased to twice annually. While trying to maintain economic shipping quantities, the Liquor Commission will also increase the number of times domestic wine and spirits are resupplied to its liquor facilities.

Recycling:

On January 1, 1991 the Liquor Commission initiated a deposit refund program for all spirits & wine containers, beer cans, imported beer bottles and cider & cooler bottles. Beer bottles from Molson and Labatts breweries are not included in this program as the major breweries have their own deposit refund program, in place on beer bottles sold in the Northwest Territories. In communities where the Liquor Commission has an outlet, liquor containers can be returned to designated bottle depots for a full deposit refund. The return rate on the NWT deposit program decreased slightly to 69% from 73% in 1994/95.

Beer bottles returned to Brewers Distributing Ltd. in Edmonton, through the deposit refund program, is approximately 90%.

Financial Results

and

General Statistics

Consolidated Operations / Excluding Liquor Licensing Board

Sales/ Cost of Sales/ Gross Margin/ Inventory Turns

March 31, 1996

	spirits	wine	beer	1996 (000's)	1995 (000's)
Sales					
Consumers	10,651	2,131	8,047	20,829	20,268
Licensees	1,880	406	7,300	9,586	9,461
	12,531	2,537	15,347	30,415	29,729
Cost of Sales					
Beginning Inventory	1,138	427	769	2,334	2,054
Purchases	3,763	902	5,489	10,154	10,320
Freight	169	125	902	1,196	1,220
Ending Inventory	(1,234)	(516)	(793)	(2,541)	(2,334)
	3,836	938	6,367	11,143	11,260
Gross Profit	8,695	1,599	8,980	19,272	18,469
Other Income					
Import Permits				143	113
Bottle Deposit Program				113	101
Other				5	8
				261	222
Operating Expenses				3,776	3,696
Net Income				15,757	14,995
sales ratios:					
Category to Total Sales	41.2%	8.3%	50.5%		
Consumer Sales to Total Category	85.0%	84.0%	52.4%	68.5%	68.2%
Licensee Sales to Total Category	15.0%	16.0%	47.6%	31.5%	31.8%
profitability ratios:					
% Gross Profit to Sales	69.4%	63.0%	58.5%	63.4%	62.1%
% Net Income to Sales				51.8%	50.4%
efficiency ratio:					
Inventory Turns	3.23	1.99	8.15	4.57	5.13

Five Year Performance History/Excluding Liquor Licensing Board
(000's)

Year	Gross Sales (000's)	% Change In Sales	Net Income (000's)	Net Income as % of Sales	Operating Expenses (000's)
1992	28,604	-3.0%	14,184	49.59%	2,914
1993	28,358	-0.9%	14,187	50.03%	3,153
1994	29,341	3.5%	15,268	52.04%	3,285
1995	29,729	1.3%	14,993	50.43%	3,698
1996	30,415	2.3%	15,757	51.81%	3,775

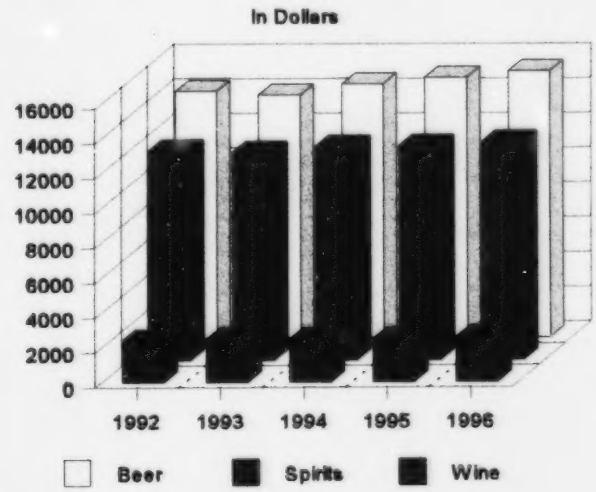
Five Year Sales History

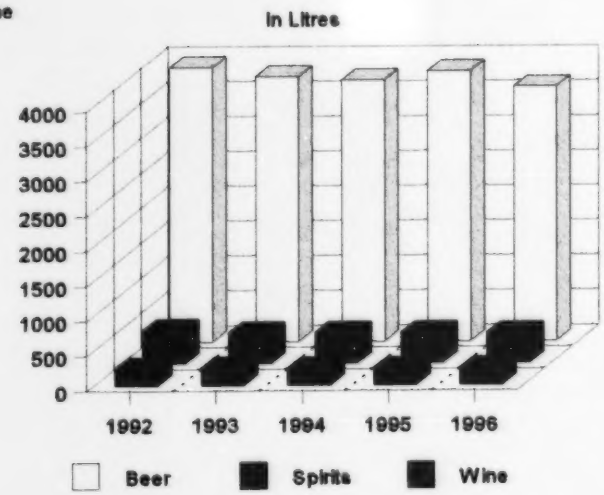
in dollars

	1992 (000's)	1993 (000's)	1994 (000's)	1995 (000's)	1996 (000's)
spirits	12,019	11,943	12,265	12,296	12,531
wine	2,375	2,436	2,461	2,464	2,535
beer	14,210	13,980	14,616	14,969	15,348
	28,604	28,359	29,342	29,729	30,415

in litres

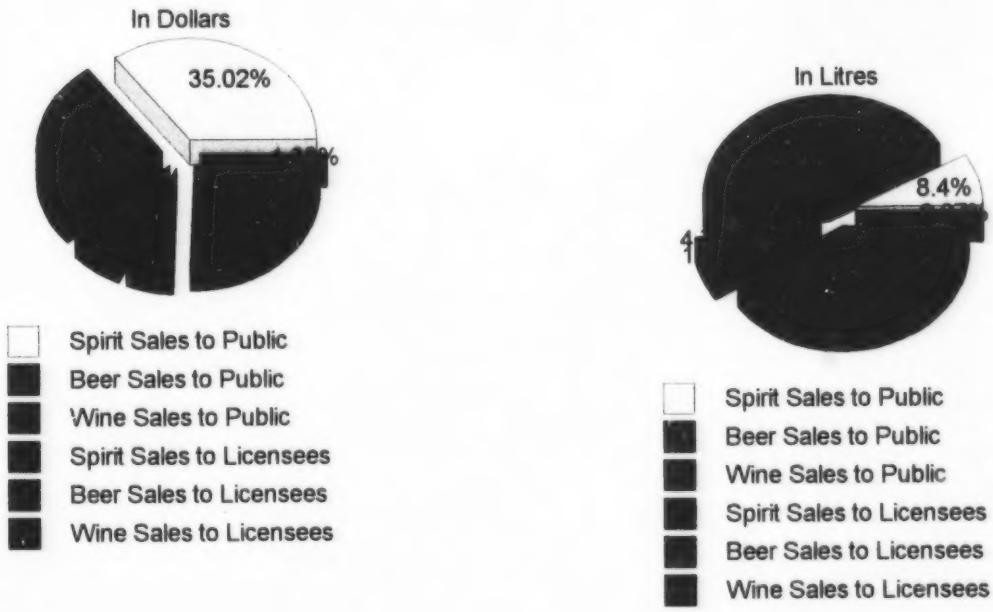
	1992 (000's)	1993 (000's)	1994 (000's)	1995 (000's)	1996 (000's)
spirits	478	437	433	438	425
wine	245	248	244	246	239
beer	3,929	3,797	3,751	3,871	3,644
	4,652	4,482	4,428	4,555	4,308





Liquor Sales by Customer Type

	1996 (000's)	
Spirit Sales to Public	10,650	35.02%
Beer Sales to Public	8,046	26.44%
Wine Sales to Public	2,132	7.01%
	20,828	68.47%
Spirit Sales to Licensees	1,881	6.19%
Beer Sales to Licensees	7,302	24.01%
Wine Sales to Licensees	404	1.33%
	9,587	31.53%
	30,415	100%



Litre Sales by Customer Type

	1996 (000's)	
Spirit Sales to Public	362	8.40%
Beer Sales to Public	1,938	44.99%
Wine Sales to Public	204	4.73%
	2,504	58.12%
Spirit Sales to Licensees	63	1.46%
Beer Sales to Licensees	1,704	39.55%
Wine Sales to Licensees	37	0.87%
	1,804	41.88%
	4,308	100%

Store Operations

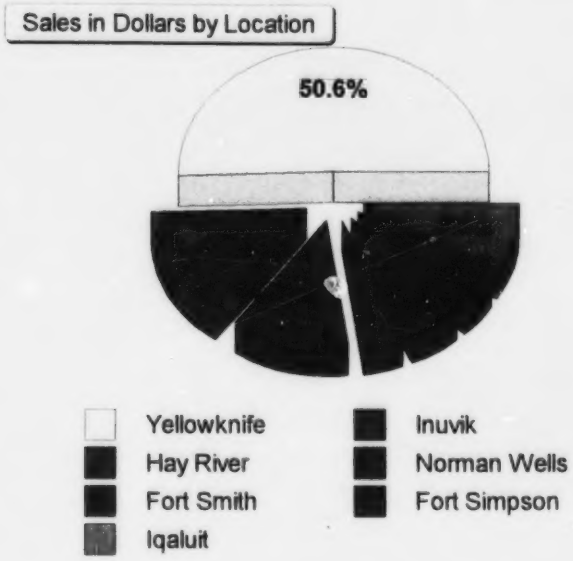
Fort Smith Liquor Store, 1957

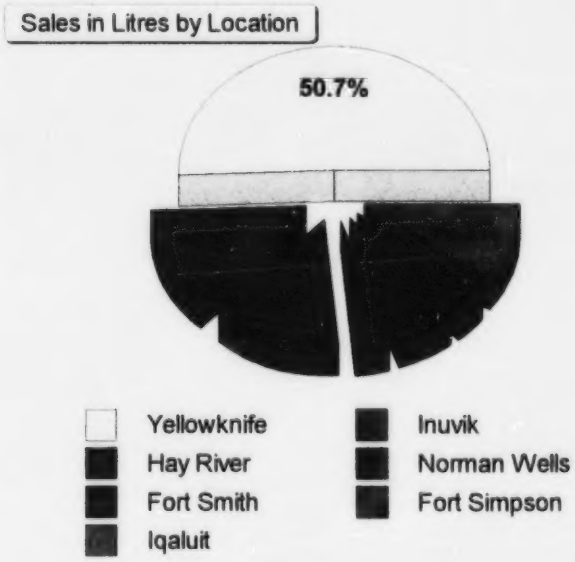
Liquor Sold By Location

		Spirits	Wine	Beer	1996 (000's)	1995 (000's)
Yellowknife	50.6%	$ 6,374	$1,631	$ 7,398	$15,403	$14,715
Inuvik	14.4%	2,158	245	1,971	4,374	4,373
Hay River	12.5%	1,558	217	2,011	3,786	3,894
Norman Wells	4.1%	591	59	604	1,254	1,217
Fort Smith	5.4%	528	255	869	1,652	1,585
Fort Simpson	4.5%	766	24	560	1,350	1,295
Iqaluit	8.5%	556	95	1,935	2,586	2,618
Other		0	10	0	10	32
Total 1996		$12,531	$2,536	$15,348	$30,415	
Total 1995		$12,297	$2,463	$14,969		$29,729
% Increase		1.9%	3.0%	2.5%	2.3%	

Litres Sold By Location

		Spirits	Wine	Beer	1996 (000's)	1995 (000's)
Yellowknife	50.7%	217	155	1,812	2,184	2,289
Inuvik	12.4%	73	23	438	534	575
Hay River	13.3%	55	21	497	573	654
Norman Wells	3.8%	20	5	137	162	169
Fort Smith	6.0%	18	26	215	259	269
Fort Simpson	3.6%	25	2	126	153	157
Iqaluit	10.2%	17	6	418	441	440
Other		0	2	0	2	2
Total 1996		425	240	3,643	4,308	
Total 1995		438	246	3,871		4,555
% Increase		-3.0%	-2.4%	-5.9%	-5.4%	


Sales in Dollars by Location
50.6%
Yellowknife
Hay River
Fort Smith
Iqaluit
Inuvik
Norman Wells
Fort Simpson


Sales in Litres by Location
50.7%
Yellowknife
Hay River
Fort Smith
Iqaluit
Inuvik
Norman Wells
Fort Simpson

Sales to Licensee's

	Spirits	Wine	Beer	1996 (000's)	1995 (000's)
Yellowknife	$ 883	$261	$2,681	$3,825	$3,578
Inuvik	210	34	1,076	1,320	1,408
Hay River	195	19	854	1,068	1,134
Norman Wells	96	11	227	334	354
Fort Smith	98	6	377	481	441
Fort Simpson	49	3	265	317	287
Iqaluit	349	72	1,821	2,242	2,257
Other	0	0	0	0	0
Total 1996	$1,880	$406	$7,301	$9,587	
Total 1995	$1,830	$421	$7,208		$9,459
% Increase	2.7%	-3.6%	1.3%	1.4%	

Sales to Consumers

	Spirits	Wine	Beer	1996 (000's)	1995 (000's)
Yellowknife	$ 5,491	$1,370	$4,712	$11,573	$11,136
Inuvik	1,948	211	895	3,054	2,965
Hay River	1,363	198	1,157	2,718	2,760
Norman Wells	495	48	377	920	865
Fort Smith	430	249	492	1,171	1,143
Fort Simpson	717	22	295	1,034	1,008
Iqaluit	207	24	113	344	360
Other		10	0	10	33
Total 1996	$10,651	$2,132	$8,041	$20,824	
Total 1995	$10,466	$2,043	$7,761		$20,270
% Increase	1.8%	4.4%	3.6%	2.7%	

Sales to Licensee's

in litres

	Spirits	Wine	Beer	1996 (000's)	1995 (000's)
Yellowknife	30	25	657	712	723
Inuvik	7	3	239	249	290
Hay River	7	2	211	220	263
Norman Wells	3	1	51	56	63
Fort Smith	3	1	93	97	98
Fort Simpson	2	0	60	61	66
Iqaluit	11	5	393	409	410
Other	0	0	0	0	0
Total 1996	63	37	1,704	1,804	
Total 1995	64	39	1,810		1,913
% Increase	-1.6%	-5.1%	-5.8%	-5.7%	

Sales to Consumers

in litres

	Spirits	Wine	Beer	1996 (000's)	1995 (000's)
Yellowknife	187	130	1,155	1,472	1,566
Inuvik	66	20	199	285	285
Hay River	48	19	286	353	391
Norman Wells	17	4	86	106	107
Fort Smith	15	25	122	162	170
Fort Simpson	23	2	66	92	91
Iqaluit	6	2	24	32	30
Other	0	2	0	2	2
Total 1996	362	204	1,938	2,504	
Total 1995	373	207	2,062		2,642
% Increase	-2.9%	-1.5%	-6.0%	-5.2%	

Sales By Customer Type

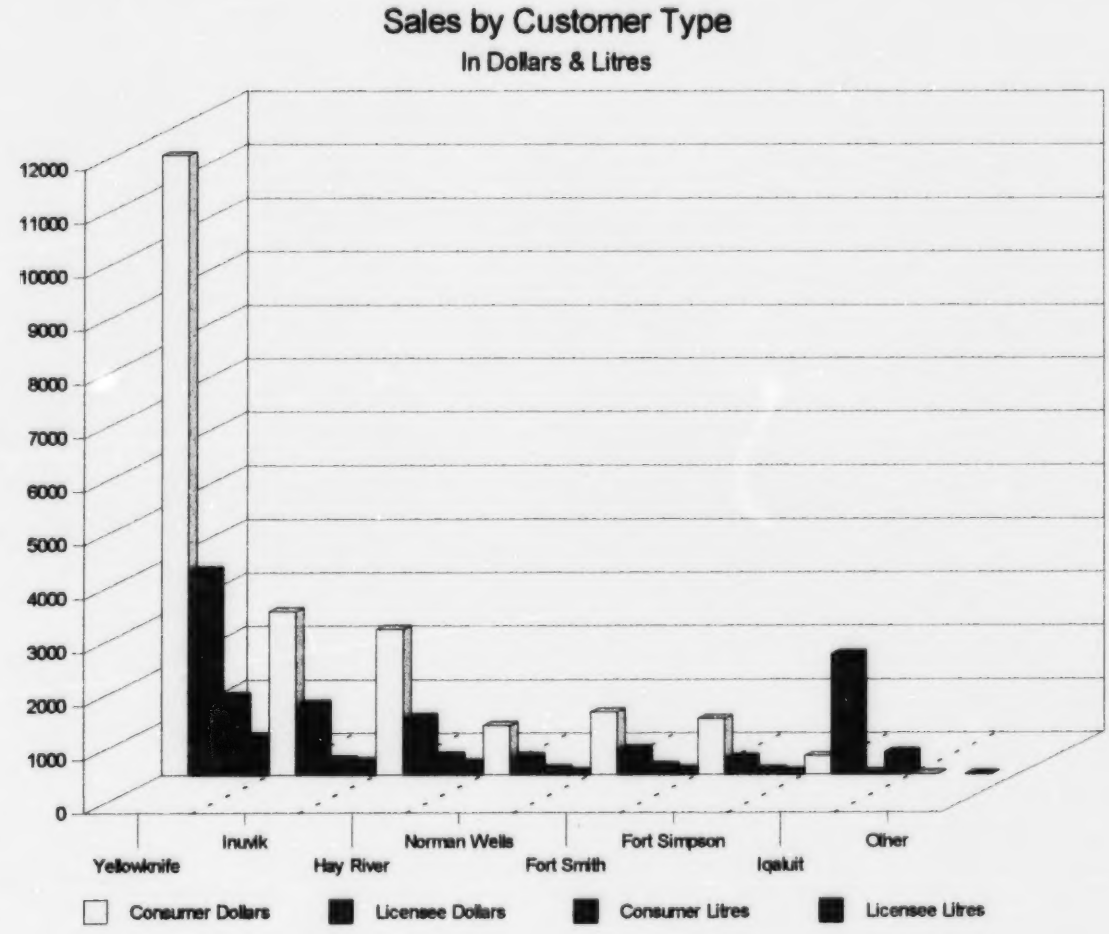
in dollars

	consumer	licensee	1996 (000's)
Yellowknife	$11,574	$3,825	$15,399
Inuvik	3,054	1,320	4,374
Hay River	2,718	1,068	3,786
Norman Wells	920	334	1,254
Fort Smith	1,171	481	1,652
Fort Simpson	1,033	317	1,350
Iqaluit	349	2,241	2,590
Other	10	0	10
Total 1996	$20,829	$9,586	$30,415
Total 1995	$20,269	$9,460	$29,729

Sales By Customer Type

In litres

	consumer	licensee	1996 (000's)
Yellowknife	1,472	712	2,184
Inuvik	285	249	534
Hay River	353	220	573
Norman Wells	106	56	162
Fort Smith	162	97	259
Fort Simpson	92	61	153
Iqaluit	32	409	441
Other	2	0	2
Total 1996	2,504	1,804	4,308
Total 1995	2,642	1,913	4,555



Yellowknife Operations

Sales/ Cost of Sales/ Gross Margin/ Inventory Turns

March 31, 1996

	spirits	wine	beer	1996 (000's)	1995 (000's)
Sales					
Consumers	5,491	1,370	4,713	11,574	11,137
Licensees	883	261	2,681	3,825	3,578
	6,374	1,631	7,394	15,399	14,715
Cost of Sales					
Beginning Inventory	438	230	235	903	859
Purchases	1,948	618	2,767	5,333	5,070
Freight	64	72	248	384	382
Ending Inventory	(506)	(319)	(251)	(1,076)	(903)
	1,944	601	2,999	5,544	5,408
Gross Profit	4,430	1,030	4,395	9,855	9,307
Operating Expenses					
Warehouse				428	415
Retail				956	930
				1,384	1,345
Net Income				8,471	7,962
sales ratios:					
Category to Total Sales	41.4%	10.6%	48.0%		
Consumer Sales to Total Category	86.1%	84.0%	63.7%	75.2%	75.7%
Licensee Sales to Total Category	13.9%	16.0%	36.3%	24.8%	24.3%
profitability ratios:					
% Gross Profit to Sales	69.5%	63.2%	59.4%	64.0%	63.2%
% Net Income to Sales				55.0%	54.1%
efficiency ratio:					
Inventory Turns	4.12	2.19	12.34	5.60	6.14

Inuvik Operations

Sales/ Cost of Sales/ Gross Margin/ Inventory Turns

March 31, 1996

	spirits	wine	beer	1996 (000's)	1995 (000's)
Sales					
Consumers	1,948	211	895	3,054	2,964
Licensees	210	34	1,076	1,320	1,408
	2,158	245	1,971	4,374	4,372
Cost of Sales					
Beginning Inventory	204	49	156	409	310
Purchases	671	109	664	1,444	1,519
Freight	45	19	169	233	302
Ending Inventory	(254)	(60)	(173)	(487)	(409)
	666	117	816	1,599	1,722
Gross Profit	1,492	128	1,155	2,775	2,650
Operating Expenses					
Warehouse				199	133
Retail				260	405
				459	538
Net Income				2,316	2,112
sales ratios:					
Category to Total Sales	49.3%	5.6%	45.1%		
Consumer Sales to Total Category	90.3%	86.1%	45.4%	69.8%	67.8%
Licensee Sales to Total Category	9.7%	13.9%	54.6%	30.2%	32.2%
profitability ratios:					
% Gross Profit to Sales	69.1%	52.2%	58.6%	63.4%	60.6%
% Net Income to Sales				52.9%	48.3%
efficiency ratio:					
Inventory Turns	2.91	2.15	4.96	3.57	4.79

Hay River Operations

Sales/ Cost of Sales/ Gross Margin/ Inventory Turns

March 31, 1996

	spirits	wine	beer	1996 (000's)	1995 (000's)
Sales					
Consumers	1,363	198	1,157	2,718	2,760
Licensees	195	19	854	1,068	1,134
	1,558	217	2,011	3,786	3,894
Cost of Sales					
Beginning Inventory	248	62	51	361	226
Purchases	388	56	758	1,202	1,506
Freight	13	7	48	68	80
Ending Inventory	(165)	(58)	(75)	(298)	(361)
	484	67	782	1,333	1,451
Gross Profit	1,074	150	1,229	2,453	2,443
Operating Expenses					
Warehouse				189	203
Retail				246	287
				435	490
Net Income				2,018	1,953
sales ratios:					
Category to Total Sales	41.2%	5.7%	53.1%		
Consumer Sales to Total Category	87.5%	91.2%	57.5%	71.8%	70.9%
Licensee Sales to Total Category	12.5%	8.8%	42.5%	28.2%	29.1%
profitability ratios:					
% Gross Profit to Sales	68.9%	69.1%	61.1%	64.8%	62.7%
% Net Income to Sales				53.3%	50.2%
efficiency ratio:					
Inventory Turns	2.34	1.12	12.41	4.05	4.94

Norman Wells Operations

Sales/ Cost of Sales/ Gross Margin/ Inventory Turns

March 31, 1996

	spirits	wine	beer	1996 (000's)	1995 (000's)
Sales					
Consumers	495	48	377	920	864
Licensees	96	11	227	334	354
	591	59	604	1,254	1,218
Cost of Sales					
Beginning Inventory	57	11	69	137	141
Purchases	223	20	191	434	405
Freight	12	4	35	51	53
Ending Inventory	(113)	(12)	(51)	(176)	(137)
	179	23	244	446	462
Gross Profit	412	36	360	808	756
Operating Expenses				152	149
Net Income				656	607
sales ratios:					
Category to Total Sales	47.1%	4.7%	48.2%		
Consumer Sales to Total Category	83.8%	81.4%	62.4%	73.4%	70.9%
Licensee Sales to Total Category	16.2%	18.6%	37.6%	26.6%	29.1%
profitability ratios:					
% Gross Profit to Sales	69.7%	61.0%	59.6%	64.4%	62.1%
% Net Income to Sales				52.3%	49.8%
efficiency ratio:					
Inventory Turns	2.11	2.00	4.07	2.85	3.32

Fort Smith Operations

Sales/ Cost of Sales/ Gross Margin/ Inventory Turns

March 31, 1996

	spirits	wine	beer	1996 (000's)	1995 (000's)
Sales					
Consumers	430	249	492	1,171	1,143
Licensees	98	6	377	481	442
	528	255	869	1,652	1,585
Cost of Sales					
Beginning Inventory	48	21	36	105	89
Purchases	153	68	319	540	577
Freight	6	8	30	44	48
Ending Inventory	(48)	(22)	(28)	(98)	(105)
	159	75	357	591	609
Gross Profit	369	180	512	1,061	976
Operating Expenses				166	161
Net Income				895	815
sales ratios:					
Category to Total Sales	32.0%	15.4%	52.6%		
Consumer Sales to Total Category	81.4%	97.6%	56.6%	70.9%	72.1%
Licensee Sales to Total Category	18.6%	2.4%	43.4%	29.1%	27.9%
profitability ratios:					
% Gross Profit to Sales	69.9%	70.6%	58.9%	64.2%	61.6%
% Net Income to Sales				54.2%	51.4%
efficiency ratio:					
Inventory Turns	3.31	3.49	11.16	5.82	6.28

Fort Simpson Operations

Sales/ Cost of Sales/ Gross Margin/ Inventory Turns

March 31, 1996

	spirits	wine	beer	1996 (000's)	1995 (000's)
Sales					
Consumers	717	21	295	1,033	1,008
Licensees	49	3	265	317	287
	766	24	560	1,350	1,295
Cost of Sales					
Beginning Inventory	28	10	54	92	63
Purchases	225	7	170	402	452
Freight	7	1	16	24	33
Ending Inventory	(38)	(9)	(32)	(79)	(92)
	222	9	208	439	456
Gross Profit	544	15	352	911	839
Operating Expenses				164	157
Net Income				747	682
sales ratios:					
Category to Total Sales	56.7%	1.8%	41.5%		
Consumer Sales to Total Category	93.6%	87.5%	52.7%	76.5%	77.8%
Licensee Sales to Total Category	6.4%	12.5%	47.3%	23.5%	22.2%
profitability ratios:					
% Gross Profit to Sales	71.0%	62.5%	62.9%	67.5%	64.8%
% Net Income to Sales				55.3%	52.7%
efficiency ratio:					
Inventory Turns	6.73	0.95	4.84	5.13	5.88

Iqaluit Operations

Sales/ Cost of Sales/ Gross Margin/ Inventory Turns

March 31, 1996

	spirits	wine	beer	1996 (000's)	1995 (000's)
Sales					
Consumers	207	24	118	349	360
Licensees	349	72	1,820	2,241	2,258
	556	96	1,938	2,590	2,618
Cost of Sales					
Beginning Inventory	115	44	168	327	366
Purchases	155	19	620	794	784
Freight	22	14	356	392	322
Ending Inventory	(110)	(36)	(183)	(329)	(327)
	182	41	961	1,184	1,145
Gross Profit	374	55	977	1,406	1,473
Operating Expenses				294	250
Net Income				1,112	1,223
sales ratios:					
Category to Total Sales	21.5%	3.7%	74.8%		
Consumer Sales to Total Category	37.2%	25.0%	6.1%	13.5%	13.8%
Licensee Sales to Total Category	62.8%	75.0%	93.9%	86.5%	86.2%
profitability ratios:					
% Gross Profit to Sales	67.3%	57.3%	50.4%	54.3%	56.3%
% Net Income to Sales				42.9%	46.7%
efficiency ratio:					
Inventory Turns	1.62	1.03	5.48	3.61	3.30

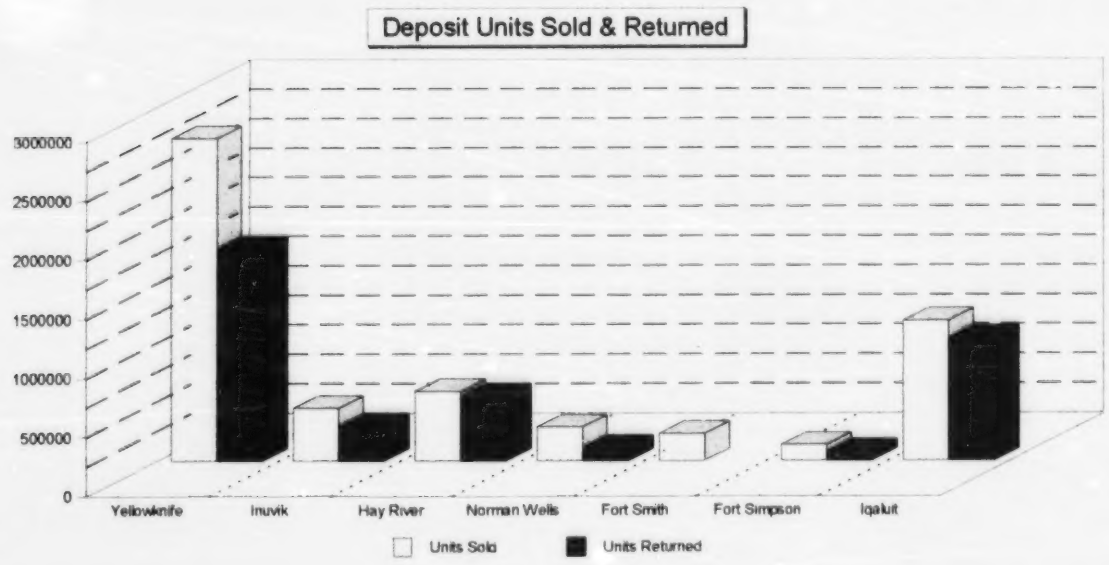
Recycling Program

Bottle Depot Operations

Sales/ Cost of Sales/ Gross Margin/ Inventory Turns

March 31, 1996

	1996 (000's)	1995 (000's)
Income		
Deposits collected on sales	$ 668	$ 684
Reduction in allowance for outstanding deposits	0	2
Total income	$ 668	$ 686
Expenditures		
Deposits reimbursed to agents on returns	452	487
Commissions paid to agents on returns	77	84
Amortization of recycling equipment	14	14
Accrued Liability to Agents	12	0
Total Expenditures	$ 555	$ 585
Surplus	$ 113	$ 101



Deposit Units Sold by Location

	Spirits	Wine	Beer & Coolers	1996	1995
Yellowknife	255,096	145,281	2,333,239	2,733,616	2,850,336
Inuvik	79,672	20,746	344,425	444,843	424,725
Hay River	65,563	22,351	500,300	588,214	658,817
Norman Wells	19,210	5,669	261,580	286,459	282,898
Fort Smith	20,871	26,268	180,396	227,535	241,184
Fort Simpson	31,063	2,247	98,979	132,289	128,093
Iqaluit	17,692	8,555	1,156,538	1,182,785	1,175,417
Total 1996	489,167	231,117	4,875,457	5,595,741	
Total 1995	494,353	224,585	5,042,534		5,761,472
% change	-1.0%	2.9%	-3.3%		

Deposit Units Returned by Location

	Spirits	Wine	Beer & Coolers	1996	1995
Yellowknife	153,960	88,396	1,554,175	1,796,531	1,711,169
Inuvik	40,781	13,814	237,207	291,802	280,680
Hay River	51,496	38,547	460,578	550,621	654,209
Norman Wells	5,256	2,105	104,932	112,293	141,194
Fort Smith	0	0	0	0	0
Fort Simpson	22,968	59	57,206	80,233	112,451
Iqaluit	14,407	3,337	1,018,346	1,036,090	1,304,348
Total 1996	288,868	146,258	3,432,444	3,867,570	
Total 1995	305,481	143,718	3,754,852		4,204,051
% change	-5.4%	1.8%	-8.6%		

Deposits Collected on Sales

	Spirits	Wine	Beer & Coolers	1996	1995
Yellowknife	$ 63,774	$36,320	$233,324	$333,418	$342,687
Inuvik	19,918	5,187	34,443	59,548	58,461
Hay River	16,391	5,588	50,030	72,009	79,583
Norman Wells	4,803	1,417	26,158	32,378	32,117
Fort Smith	5,218	6,567	18,040	29,825	31,402
Fort Simpson	7,766	562	9,898	18,226	18,053
Iqaluit	4,423	2,139	115,654	122,216	121,690
Total 1996	$122,293	$57,780	$487,547	$667,620	
Total 1995	$123,590	$56,149	$504,254		$683,993
% change	-1.1%	2.9%	-3.3%		

Deposits Paid to Agents on Returns

	Spirits	Wine	Beer & Coolers	1996	1995
Yellowknife	$36,490	$22,099	$155,418	$216,007	$202,251
Inuvik	10,195	3,454	23,721	37,370	38,053
Hay River	12,874	9,637	46,058	68,569	80,380
Norman Wells	1,314	526	10,493	12,333	15,510
Fort Smith	0	0	0	0	0
Fort Simpson	5,742	15	5,721	11,478	18,225
Iqaluit	3,602	834	101,835	106,271	133,368
Total 1996	$72,217	$36,565	$343,246	$452,028	
Total 1995	$76,372	$35,930	$375,485		$487,787
% change	-5.4%	1.8%	-8.6%		

Depot Fees Paid to Operators

	Spirits	Wine	Beer & Coolers	1996	1995
Yellowknife	$3,079	$1,768	$31,084	$35,931	$34,223
Inuvik	816	276	4,744	5,836	5,614
Hay River	1,030	771	9,212	11,013	13,084
Norman Wells	105	42	2,099	2,246	2,824
Fort Smith	0	0	0	0	0
Fort Simpson	459	1	1,144	1,604	2,249
Iqaluit	288	67	20,367	20,722	26,087
Total 1996	$5,777	$2,925	$68,650	$77,352	
Total 1995	$6,110	$2,874	$75,097		$84,081

Ratio of Returns to Sales

	Spirits	Wine	Beer & Coolers	1996	1995
Yellowknife	60.4%	60.8%	66.6%	65.7%	60.0%
Inuvik	51.2%	66.6%	68.9%	65.6%	66.1%
Hay River	78.5%	172.5%	92.1%	93.6%	99.3%
Norman Wells	27.4%	37.1%	40.1%	39.2%	49.9%
Fort Smith	0.0%	0.0%	0.0%	0.0%	0.0%
Fort Simpson	73.9%	2.6%	57.8%	60.6%	87.8%
Iqaluit	81.4%	39.0%	88.1%	87.6%	111.0%
Total 1996	59.1%	63.3%	70.4%	69.1%	
Total 1995	61.8%	64.0%	74.5%		73.0%

Northwest Territories Liquor Licensing Board

Financial Results

and

General Statistics

Northwest Territories Liquor Licensing Board

MANDATE

The Northwest Territories Liquor Licensing Board has been in existence since the Government of the Northwest Territories passed the Liquor Act in 1970. The Board is composed of not more than nine members with one member being designated as the Chairperson. The Liquor Licensing Board is responsible for various policy related and licencing matters. It also serves in an administrative tribunal capacity and holds hearings into violations of the legislation by operators of licenced premises. The Board may also hold public hearings in a community that objects to having a new licenced premise opening in their community.

The legal mandate of the Board is to control:

1. The conduct of licence holders:
2. The management and equipment of licensed premises: and
3. The conditions under which liquor may be sold or consumed on licenced premises.

CURRENT BOARD MEMBERS:

Chairman:	Mr. Merlyn Williams	Yellowknife
Members:	Ms. Donna Ballas	Inuvik
	Mr. Keith Sharp	Rankin Inlet
	Mr. Red Pederson	Kugluktuk
	Mr. Don Strang	Yellowknife
	Mrs. Theresa Crane	Yellowknife
	Ms. Mary Rose Casaway	Lutselk'e

The Head Office for the Liquor Licensing Board is located in Hay River. It acts as the administrative and operational arm which is responsible for the day-to-day functioning.

BOARD MEETINGS

During the 1995/96 fiscal year, the Board held sixteen meetings. Eleven of these meeting were held through teleconferencing. Three meetings were held in Yellowknife, one in Hay River and one in Fort Simpson.

One hundred and thirty-two applications and special requests were received by the Board for consideration. These included requests for new applications, transfer of applications, licensee requests and special occasion permits.

LICENCES GRANTED

In 1995/96, the Board granted thirteen (13) new licences and approved eight (8) transfers of licences. The requests for new licenced premises include: 5 Dining Room, 3 Club, 2 Cocktail Lounges, 1 Guestroom, 1 Aircraft, and 1 Off-Premise licences. The total number of licenced premises for 1995/96 saw 9 fewer establishments than in 1994/95.

Northwest Territories Liquor Licensing Board

LIQUOR STATUS IN COMMUNITIES

There are three categories of liquor status in the Northwest Territories. These categories are:

- **Unrestricted** - there are no restrictions beyond those described in the Liquor Act and regulations.
- **Restricted** - in quantity, frequency, point of sale, hours of sale and/or requiring prior approval by the community Alcohol Education Committee and;
- **Prohibition** - alcohol is not allowed in the community.

The following is a profile of the liquor status in the various locations in the NWT. Each location is indicated with the type of licenced premises, number and type of Special Occasion Permits issued and the number of inspections by the Liquor Inspector and the RCMP:

COMMUNITY	TYPE OF LICENCE	PERMITS	INSPECTIONS
Enterprise (Unrestricted)	1 Dining Room 1 Off Premise		
Fort Providence (Unrestricted)	3 Cocktail Lounge 3 Dining Rooms 3 Off Premises		9 Inspector 27 RCMP walkthru's
Fort McPherson (Unrestricted)	1 Cocktail Lounge		
Fort Smith (Unrestricted)	4 Cocktail Lounge 2 Dining Room 2 Club Room 2 Off Premises	32 Ordinary 158 Resale	151 Inspector 72 RCMP walkthru's
Hay River (Unrestricted)	6 Cocktail Lounge 6 Dining Room 4 Club Room 2 Canteen 1 Off Premise	21 Ordinary 90 Resale	140 Inspector

COMMUNITY	TYPE OF LICENCE	PERMITS	INSPECTIONS
Holman (Unrestricted)		5 Ordinary 4 Resale	
Inuvik (Unrestricted)	7 Cocktail Lounge 6 Dining Room 2 Club Room 2 Canteen 2 Off Premises	13 Ordinary 44 Resale	42 Inspector 77 RCMP walkthru's
Kugluktuk (Unrestricted)		8 Ordinary 13 Resale	
Yellowknife (Unrestricted)	21 Cocktail Lounge 21 Dining Room 4 Club Room 3 Canteen 1 Cultural & Sports 2 Private Recreational 1 Off Premise	110 Ordinary 117 Resale	305 Inspector
Cambridge Bay (Restricted)		11 Ordinary 15 Resale	
Fort Liard (Restricted)		3 Ordinary	
Fort Simpson (Restricted)	2 Cocktail Lounge 3 Dining Room 1 Off Premise	7 Ordinary 56 Resale	14 Inspector
Iqaluit (Restricted)	2 Cocktail Lounge 6 Dining Room 2 Club Room 1 Canteen 1 Private Recreational	124 Ordinary 66 Resale	63 Inspector 4 RCMP walkthru's
Norman Wells (Restricted)	3 Cocktail Lounge 3 Dining Room 2 Club Room	8 Ordinary 13 Resale	12 Inspector
Rankin Inlet (Restricted)		24 Ordinary 80 Resale	8 RCMP walkthru's

Northwest Territories Liquor Licensing Board

The following is a list of communities in which no restrictions exist beyond the Liquor Act and Regulations. There are no licenced premises in these communities.

Aklavik	Baker Lake	Bathurst Inlet
Umingmaktok	Chesterfield Inlet	Tulita
Colville Lake	Fort Resolution	Grise Fiord
Jean Marie River	Nanisivik	Paulatuk
Rae/Edzo	Sachs Harbour	Taloyoak
Trout Lake	Tuktoyaktuk	Wrigley

Restricted Communities:

Detah	Arctic Bay	Broughton Island
Cape Dorset	Clyde River	Deline
Fort Good Hope	Hall Beach	Igloolik
Pond Inlet	Repulse Bay	Resolute

Prohibited Communities:

Arviat	Pangnirtung	Tsiigehtchic
Coral Harbour	Pelly Bay	Wha Ti
Gjoa Haven	Rae Lakes	Whale Cove
Kimmirut	Sanikiluaq	Nahanni Butte
Lutselk'e	Snare Lake	

PUBLIC HEARINGS

There was one Public Hearing held in Fort Simpson in the 95/96 fiscal year. The Board approved the request for a licence, however, the Licensee withdrew his application. Therefore, the number of licences remain the same in Fort Simpson.

BOARD HEARINGS/DECISIONS

The following Show Cause Hearings were held:

Case 1: Was found in violation of Section 26(2) and 27(1) of the Liquor Regulations and fined $400.00. In addition, the Licensee was required to hold a Server Training Seminar for management and staff.

Case 2: Was found in violation of Section 98(3) of the Liquor Act. Their licence was suspended for two days and they were required to hold a Server Training Seminar for their management and staff.

Case 3: Was found in violation of Section 98(2) of the Liquor Act. Their licence was suspended for two days and they were required to hold a Server Training Seminar for management and staff.

Northwest Territories Liquor Licensing Board

SPECIAL OCCASION PERMITS

Special Occasion Permits may be issued to non-commercial organizations and holders of a private recreational facility. Special Occasion Permits are issued in several communities across the NWT. The Issuers of Special Occasion Permits are appointed by the Minister of Safety and Public Services. For the fiscal year 95/96 a total of 1022 permits were issued. This is down from the 94/95 year where a total of 1092 permits were issued.

Special Occasion Permits are available from the Issuers in the following communities:

Hay River	Liquor Licencing Board Office
Yellowknife	Yellowknife Liquor Store
Fort Simpson	Financial Management Board Office
Fort Smith	Fort Smith Liquor Store
Inuvik	Inuvik Liquor Store
Iqaluit	Iqaluit Liquor Warehouse
Norman Wells	Norman Wells Liquor Store
Coppermine	Hamlet Office
Rankin Inlet	Public Works and Services
Holman Island	Hamlet Office
Cambridge Bay	Hamlet Office
Fort Liard	Hamlet Office

Communities that do not have a local issuer may apply to the issuer that is closest to their home community or call the Hay River office for assistance.

COMMUNITY REQUESTS

Special Prohibition

The following communities requested and were granted Special Prohibition during the 1995/96 fiscal year:

Deline	Deline Spiritual Gathering	February 28 - March 10
Tulita	Hockey Tournament	January 23 - January 29
Taloyoak	Annual General Meeting	December 1 - December 9
Taloyoak	Christmas Games	December 23 - January 1
Fort Good Hope	Sahtu Dene Games	August 10 - August 13
Sachs Harbour	White Fox Jamboree	May 1 - May 17

Plebiscites

The community of Gjoa Haven held a plebiscite in September 1995 on whether to continue with the current prohibition or change their status to a restricted community. The community voted to continue prohibiting alcohol.

Northwest Territories Liquor Licensing Board

INSPECTIONS

The role of the Liquor Inspector is to observe licenced premises to ensure that the licensees are operating within the legislation set out in the Liquor Act and the Liquor Regulations. Inspections are done on all licenced premises and includes inspecting Special Occasion Permit holders from time to time. There are two full time Inspectors, one is located in Yellowknife and the other in Hay River. There are also Contract Inspectors located in Norman Wells, Fort Smith, Inuvik and Iqaluit. The two full time Inspectors travel throughout the Northwest Territories as required. In addition, the Inspectors provide Server Training Seminars to management and staff of licenced premises. Server Training Seminars are also offered to Special Occasion Permit holders of large events.

The RCMP Walkthru's Program is an inspection program done by the Detachment Members in communities. The RCMP members inspect and report any problems to the Liquor Licencing Office in Hay River. Both licenced premises and Special Occasion Permit holders are inspected by RCMP members. Most Detachments only report their inspections when concerns or infractions are observed.

The number of inspections are down for the 1995/96 fiscal year. There are a number of reasons for this. Two Contract Inspectors, one in Iqaluit and one in Inuvik resigned. They were not replaced until after the fiscal year end. RCMP members no longer report all the walk thru inspections. In addition, there were nine fewer licenced premises and seventy-seven less Special Occasion Permits issued.

Northwest Territories Liquor Licensing Board

Statement of Operations

March 31, 1996

	1996 (000's)	1995 (000's)
Income		
Licensing Fees	$ 489	$ 481
Special Occasion Licenses	85	60
Annual Licence Fees	49	33
Other	0	0
Total Income	$ 623	$ 574
Operating Expenses		
Salaries	$ 333	$ 332
Honoraria	22	19
Travel	59	82
Inspections Contracts	9	44
Advertising	3	5
Office Rent & Supplies	49	49
	$ 475	$ 531
Net Income	$ 148	$ 43

Five Year Performance History

Year	Gross Revenue (000's)	% Change Revenue	Net Income (000's)	% Change Net Income	Operating Expenses (000's)
1992	543	-5.4%	146	26.9%	398
1993	527	-2.9%	192	36.4%	336
1994	571	8.3%	128	22.4%	443
1995	574	0.5%	43	7.5%	531
1996	623	8.5%	148	23.8%	475